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Central Coast to get $27 million from offshore wind leaseholders. How could it be spent?

The turbines in Ocean Wind's WindFloat Atlantic floating offshore wind energy project near Portugal are massive. They are each about 688 feet tall, or about twice the height of the Statue of Liberty. *Courtesy of Ocean Winds*

By Mackenzie Shuman

More than $27 million will be invested on the Central Coast by three companies expected to build massive floating wind energy developments 20 miles off the shores of San Luis Obispo County, according to federal documents.

On Thursday, the U.S. Bureau of Ocean Energy Management issued official leases to Equinor Wind, Golden State Wind and Invenergy. They outline the future for a 376-square-mile area of the Pacific Ocean known as the Morro Bay wind energy area and hint at some of the economic impacts that could come from offshore wind developments.

In total, around $27.2 million is expected to be invested in those who are directly or indirectly impacted by the floating offshore wind energy development, according to the leases.

Another $66.4 million is earmarked for workforce training and supply chain development in the United States, the three leases say.

This money comes from the bidding credits received by the offshore wind companies for their commitments toward investing in the community and developing the wind turbines in the ocean using domestic workers and supply chains.

If companies promised such actions, they were given a discount on the final bidding price for the lease they won equal to how much they will invest in the community, workforce training and supply chain development.

This photo shows Hywind Scotland, the world's first floating wind farm, which is operated by Equinor. *Michal Wachucik, Equinor*

BIDDING CREDITS ARE A PORTION OF WINNING BID PRICE

Equinor bid a total of $130 million during the December auction conducted by BOEM.

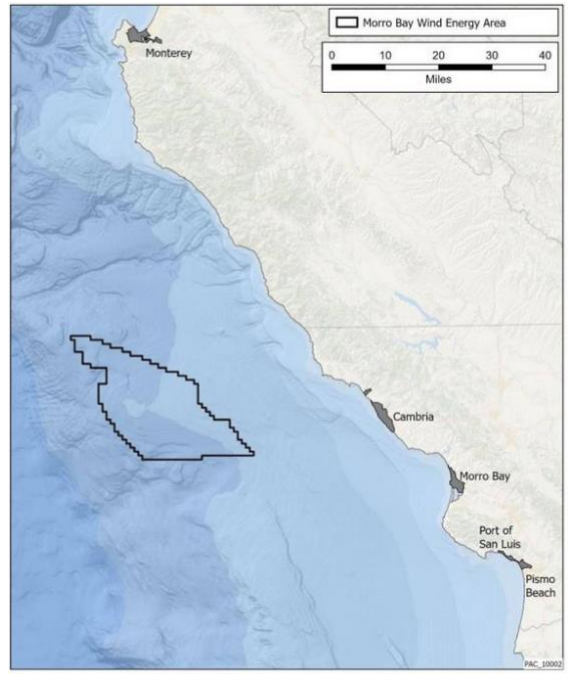
With $30 million received as bidding credits, the multi-billion-dollar global energy company with roots in the petroleum refining industry had an ending bid price of $100 million for an 80,062-acre lease in the Morro Bay wind energy area.

Golden State Wind, also known as Central California Offshore Wind, won an 80,418-acre lease for $150.3 million in the December auction. The entity is a joint venture with East Coast offshore wind company, Ocean Winds North America, and the Canada Pension Plan Investment Board, and received a $30,060,000 bidding credit to bring its final lease bid price to $120,240,000.

Finally, Chicago-based renewable energy developer Invenergy bid $145.3 million for the second 80,418-acre lease in the Morro Bay area. The company received a $33,530,769 bidding credit resulting in a final bid price of $111,769,231.

"Having the lease signed and in place is an exciting development," said Lia Howard, senior permitting manager for Golden State Wind. "We are rapidly building our team and look forward to working with the local communities. The commitments we made as part of the lease auction process will be a cornerstone of our community benefit efforts."

Equinor and Invenergy qualified for both the lease area use and general community benefits agreement bidding credit, while Golden State Wind qualified for only the lease area use community benefit.



The designated 376-square-mile area in which floating offshore wind turbines may be developed, according to the Bureau of Ocean Energy Management.
Courtesy of BOEM

COMMUNITY INVESTMENTS TOTAL MORE THAN $27 MILLION

The difference between the types of community benefit agreements is slight — but will likely impact who and what the companies invest the money in.

The lease area use community benefit agreement must be with entities that directly use the lease area set to be developed.

The benefits can be monetary or non-monetary, according to BOEM.

"The lease area use (community benefit agreement) may assist fishing and related industries (including tribal fisheries) by supporting their resilience and ability to adapt to gear changes or any potential gear loss or damage, as well as any loss of income, or other similar potential impacts that may arise from the development," the leases say.

Equinor must invest $5 million for the lease area use community benefit agreement, while Invenergy must invest nearly $5.6 million and Golden State Wind a little more than $6 million, according to their leases.

The general community benefit agreement is with those who are impacted by activities resulting from the offshore wind energy development that are "not otherwise addressed by the lease area use" community benefit agreement, the three leases say.

The benefits from this can include contributions to a community benefit fund to provide money for infrastructure to alleviate impacts from the projects. It can also include increased support to facilitate engagement as the projects are developed, and mitigating potential impacts to cultural viewsheds or potential impacts on marine and land species, according to the leases.

Equinor must invest another $5 million for the general community benefit agreement, and Invenergy nearly $5.6 million, the leases say.

Scott Blue, Bill Blue's son, guides in a catch of black cod.
Courtesy of Bill Blue.

MILLIONS TO BE INVESTED IN WORKFORCE TRAINING, SUPPLY CHAIN MANAGEMENT

The bidding credit for workforce training or supply chain management, or both, must go to building the industry domestically, and not using a foreign workforce or supply chain, according to the leases.

"The contribution for workforce training and/or domestic supply chain development can be made in support of existing programs, or for the establishment of new programs or incentives associated with the planning, design, construction, operation, maintenance or decommissioning of U.S. floating offshore wind energy projects, or the manufacturing or assembling of their components in the United States," the leases say.

Equinor must invest $20 million into this, Golden State Wind about $24 million and Invenergy about $22.4 million, according to the three leases.

Since the leases were effective as of June 1, the companies now have one year to submit a site assessment plan. This will outline how the company will survey its lease area to inform future construction plans.